

Millions Enjoy Ownership And Control Outside Of Social Security

Presidential Action

- **On April 26, 2005, President Bush Visited Galveston, Texas To Meet With Local Public Employees Who Are Saving For Their Retirement Outside Of Social Security In Personal Accounts.** The President has called for allowing younger Americans the option of safely investing a portion of their payroll taxes in voluntary personal accounts that they own and control within the Social Security system.

Background: Five Million People Nationwide Are Outside Of Social Security

- **All Full-Time Galveston Public Employees Are Saving For Their Retirement Outside Of The Social Security System.** Across Texas, forty-nine percent of all state and local public employees are exempt from Social Security and participate in alternate retirement systems.
 - ✓ **Galveston's Alternate Retirement System Features Personal Accounts.** All full-time public employees of Galveston County, including elected officials, pay into personal accounts instead of the Social Security system. Galveston County, along with nearby Brazoria and Matagorda Counties, opted out of Social Security in the early 1980s. Millions of other state and local public employees nationwide participate in plans outside the system.
 - ✓ **Exempt Workers Also Have Ownership And Control.** Galveston public employees have ownership of their retirement income, which means they can pass on their nest eggs to their children and do not face the risk that the government will decide to cut their benefits.
 - ✓ **Galveston Public Employees Enjoy Higher Rates of Return.** Participants in Galveston's alternate system enjoy higher rates of return on their contributions than they would under Social Security and a minimum guaranteed rate of return.
- **Millions Of Americans Already Have Retirement Plans Outside Of Social Security.**
 - ✓ **Many State And Local Public Employees Are Saving For Retirement Outside Of Social Security.** There are approximately five million state and local public employees who are exempt from Social Security. They live in every state and participate in alternative retirement plans that offer additional opportunities to build savings for their retirement, including higher rates of return and greater flexibility.
 - ✓ **Federal Employees Were Exempt From Social Security Before Laws Changed.** Prior to 1984, federal employees, including the President, Vice President, and members of Congress, were not required to pay Social Security payroll taxes.
 - ✓ **Federal Employees Already Have Voluntary Personal Accounts In Addition To Social Security.** People who work for the federal government have the option of investing a portion of their income in a Thrift Savings Plan (TSP), which offers a conservative mix of bonds and stocks. The federal government offers this plan because it recognizes the benefits of voluntary personal accounts.
- **The President Has Laid Out Basic Principles That Must Guide Reform.**
 - ✓ **No Changes For Those Born Before 1950.** Those who are at or nearing retirement will see no changes to their Social Security benefits, but they too want to see the system strengthened for their children and grandchildren. The President welcomes the wisdom of seniors and their input on how to save Social Security for future generations.
 - ✓ **We Must Fix Social Security Permanently.** The President wants to fix Social Security once and for all, so that our children and grandchildren do not face these same problems.
 - ✓ **No Increase In Payroll Tax Rates.** Increasing the payroll tax rate would burden workers and harm our economic strength.
 - ✓ **Voluntary Personal Retirement Accounts Are A Key Component Of Reform.** They would provide a nest egg to supplement the traditional Social Security checks workers receive.